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Federal Regulatory Affairs

2300 N St. NW, Suite 710 Washington DC 20037

www.Frontier.com

REDACTED—FOR PUBLIC INSPECTION

April 9, 2013

BY HAND

FILED/ACCEPTED

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

APR - 9 2013

Federal Communications Commission
Office of the Secretary

Re: *High-Cost Universal Service Support*, WC Dkt. No. 05-337; Connect America Fund, WC Dkt. No. 10-90

Dear Ms. Dortch:

On April 5, 2013, and April 8, 2013, I spoke via telephone with Michael Steffen, Legal Advisor to Chairman Genachowski. In these calls I discussed the ongoing need for support from Phase One of the Connect America Fund ("CAF") to help support broadband deployment to rural America. In particular, the discussions focused on the costs to deploy broadband to rural locations and how best to identify unserved areas eligible for support. Further details on Frontier's positions are represented in the attached letter that Frontier submits today. Portions of the attached letter include proprietary information about the nature of Frontier's broadband cost structures. Accordingly, this document is being filed pursuant to the Commission's August 30, 2012, *Third Protective Order* in this docket.¹

The non-redacted document has been marked as confidential. Frontier is also filing a redacted copy of this report for public inspection.

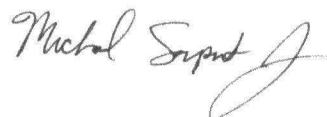
Please feel free to contact me with any further questions.

¹ *In re: Developing a Unified Inter-carrier Compensation Regime; Establishing Just and Reasonable Rates for Local Exchange Carriers; Connect America Fund; High-Cost Universal Service Support; A National Broadband Plan for Our Future*, CC Dkt. No. 01-92, WC Dkt. Nos. 07-135, 10-90, 05-337, GN Dkt. No. 09-51, *Third Protective Order*, DA 12-1418 (rel. Aug. 30, 2012).

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Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Saperstein, Jr.", written in dark ink.

Michael D. Saperstein, Jr.
Vice President, Federal Regulatory Affairs
Frontier Communications
(202) 223-6807

Attachment

cc: Michael Jacobs



Federal Regulatory Affairs

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Marlene H. Dortch
Secretary
Federal Communications Commission
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Federal Communications Commission
Office of the Secretary

Re: *Connect America Fund*, WC Docket No. 10-90; *In the Matter of Federal -State Joint Board on Universal Service High-Cost Universal Service Support*, WC Docket No. 05-337

Dear Ms. Dortch:

In 2012 Frontier committed to deploying broadband to over 92,000 locations lacking 768/200 kbps speeds for \$775/location of support. Because Frontier was the largest of the price cap carriers to accept all of the support offered in round one of Connect America Fund ("CAF") Phase I, Frontier is uniquely situated with respect to its real world experience in determining the cost amounts of future CAF Phase I Part II builds.

From the first round of CAF Phase I, Frontier found that **[BEGIN REDACTED**

[END REDACTED]. There are no unserved eligible locations with under 768 kbps download speeds left for under **[REDACTED]** in Frontier's footprint.

In estimating how it could use CAF Phase I Part II support Frontier made the following assumptions for its calculations: 1) Eligible Areas would be defined as those areas lacking 3 Mbps download/768 kbps upload speed on the most recent version of the National Broadband Map; 2) both cable and fixed wireless are treated as unsubsidized competitors; 3) Frontier's available support remains at the 2012 level (~\$72M).

For **[REDACTED]**/location of CAF support, added to Frontier's own contributions, Frontier estimates that it could deploy broadband of 4/1 speeds to **[REDACTED]** locations, which would represent **[REDACTED]** in accepted funding. For these locations the additional fiber

deployment needed would be lessened, but not eliminated, due to existing fiber in the area. Frontier's costs would be driven by expenses associated with replacing DSLAMs, upgrading equipment, and deploying shorter-length fiber connections.

[BEGIN REDACTED]

[END REDACTED]

The infrastructure necessary to provide service to those lacking 768/200 kbps speeds is substantially similar to that which is required to increase the speeds from less than 4/1 to the 4/1 speeds due to the fact that both involve longer new fiber deployments and new equipment.

[BEGIN REDACTED]

[END REDACTED]

Frontier's acceptance figures would be affected by some of the proposed changes to the eligibility criteria. Frontier believes that if the Commission implemented a challenge process to determine whether all of the fixed wireless shown on the National Broadband Map are in fact unsubsidized competitors, [BEGIN REDACTED]

[END REDACTED]. We also believe that expanding the eligible areas to those lacking speeds of 4 Mbps download/1 Mbps upload would expand its pool of eligible locations by approximately [REDACTED]. Both changes to the eligibility criteria for CAF funding would allow Frontier to serve more locations at a lower per-location cost, though it is difficult to quantify the numbers precisely.

Driving fiber deeper into the network, however, does have some spillover benefits. For example, future builds will be less costly because there will be less new fiber necessary to link up to the fiber-based network. Also, it provides customers on the outer edges with an upgrade to their current Internet access rates. With a fiber backbone to the DSLAM we can serve customers 18,000 feet from the DSLAM with 4/1 service if we use pair bonding.

CAF Phase I Part II would also create additional jobs across Frontier's footprint, although exactly how many is difficult to quantify without knowing the exact amount of available funding. Any work we do beyond business as usual ("BAU") typically drives the need for additional labor resources and CAF is beyond BAU. Most of the created jobs would likely be contractors but the longer the build-time the more full time employees Frontier could hire. In addition, as we expand broadband deployment, there is increased demand to fill positions such as the Internet help desk and call center representatives. Frontier also uses a significant number of vendors in deploying broadband, which will likely add further jobs to fulfill Frontier's requests.

Frontier urges the Commission to commit to the next round of Connect America Fund ("CAF") Phase I funding and rapidly develop rules in accordance with the recently-filed joint proposals of Frontier and other price cap carriers.¹ Acting now will ensure that price cap carriers can quickly commence deploying broadband to thousands of unserved locations across America in 2013 while the Commission finalizes Phase II of the CAF.

¹ Comments of the United States Telecom Association, the Independent Telephone & Telecommunications Alliance, and the ABC Coalition, WC Docket No. 10-90 (filed January 28, 2013).

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Portions of this document include confidential information due to the proprietary nature of Frontier's cost structures. Accordingly, this document is being filed pursuant to the Commission's August 30, 2012, *Third Protective Order* in this docket.²

Please feel free to contact me with any further questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Saperstein Jr.", written in dark ink.

Michael D. Saperstein, Jr.
Vice President, Federal Regulatory Affairs
Frontier Communications
(202) 223-6807

Cc:

² *In re*: Developing a Unified Inter-carrier Compensation Regime; Establishing Just and Reasonable Rates for Local Exchange Carriers; Connect America Fund; High-Cost Universal Service Support; A National Broadband Plan for Our Future, CC Dkt. No. 01-92, WC Dkt. Nos. 07-135, 10-90, 05-337, GN Dkt. No. 09-51, *Third Protective Order*, DA 12-1418 (rel. Aug. 30, 2012).